

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 4123

By: Frix

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems;
amending 62 O.S. 2021, Section 3103, which relates to
the Oklahoma Pension Legislation Actuarial Analysis
Act; modifying definition; amending 74 O.S. 2021,
Section 914, which relates to retirement; modifying
period of time required with respect to post-
retirement employment; providing effective dates;
providing for contingent effective dates based on
outcome of approval of the emergency clause; and
declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, is
amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation
Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute
bill, made to a retirement bill by any committee of the House or
Senate, any conference committee of the House or Senate or by the
House or Senate;

1 2. "RB number" means that number preceded by the letters "RB"
2 assigned to a retirement bill by the respective staffs of the
3 Oklahoma State Senate and the Oklahoma House of Representatives when
4 the respective staff office prepares a retirement bill for a member
5 of the Legislature;

6 3. "Legislative Actuary" means the firm or entity that enters
7 into a contract with the Legislative Service Bureau pursuant to
8 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the
9 actuarial services and other duties provided for in the Oklahoma
10 Pension Legislation Actuarial Analysis Act;

11 4. "Nonfiscal amendment" means an amendment to a retirement
12 bill having a fiscal impact, which amendment does not change any
13 factor of an actuarial investigation specified in subsection A of
14 Section 3109 of this title;

15 5. "Nonfiscal retirement bill" means a retirement bill:

- 16 a. which does not affect the cost or funding factors of a
17 retirement system,
18 b. which affects such factors only in a manner which does
19 not:
20 (1) grant a benefit increase under the retirement
21 system affected by the bill,
22 (2) create an actuarial accrued liability for or
23 increase the actuarial accrued liability of the
24 retirement system affected by the bill, or

- 1 (3) increase the normal cost of the retirement system
2 affected by the bill,
- 3 c. which authorizes the purchase by an active member of
4 the retirement system, at the actuarial cost for the
5 purchase as computed pursuant to the statute in effect
6 on the effective date of the measure allowing such
7 purchase, of years of service for purposes of reaching
8 a normal retirement date in the applicable retirement
9 system, but which cannot be used in order to compute
10 the number of years of service for purposes of
11 computing the retirement benefit for the member,
- 12 d. which provides for the computation of a service-
13 connected disability retirement benefit for members of
14 the Oklahoma Law Enforcement Retirement System
15 pursuant to Section 2-305 of Title 47 of the Oklahoma
16 Statutes if the members were unable to complete twenty
17 (20) years of service as a result of the disability,
- 18 e. which requires membership in the defined benefit plan
19 authorized by Section 901 et seq. of Title 74 of the
20 Oklahoma Statutes for persons whose first elected or
21 appointed service occurs on or after November 1, 2018,
22 if such persons had any prior service in the Oklahoma
23 Public Employees Retirement System prior to November
24 1, 2015,

1 f. which provides for a one-time increase in retirement
2 benefits if the increase in retirement benefits is not
3 a permanent increase in the gross annual retirement
4 benefit payable to a member or beneficiary, occurs
5 only once pursuant to a single statutory authorization
6 and does not exceed:

7 (1) the lesser of two percent (2%) of the gross
8 annual retirement benefit of the member or One
9 Thousand Dollars (\$1,000.00) and requires that
10 the benefit may only be provided if the funded
11 ratio of the affected retirement system would not
12 be less than sixty percent (60%) but not greater
13 than eighty percent (80%) after the benefit
14 increase is paid,

15 (2) the lesser of two percent (2%) of the gross
16 annual retirement benefit of the member or One
17 Thousand Two Hundred Dollars (\$1,200.00) and
18 requires that the benefit may only be provided if
19 the funded ratio of the affected retirement
20 system would be greater than eighty percent (80%)
21 but not greater than one hundred percent (100%)
22 after the benefit increase is paid,

23 (3) the lesser of two percent (2%) of the gross
24 annual retirement benefit of the member or One

1 Thousand Four Hundred Dollars (\$1,400.00) and
2 requires that the benefit may only be provided if
3 the funded ratio of the affected retirement
4 system would be greater than one hundred percent
5 (100%) after the benefit increase is paid, or
6 (4) the greater of two percent (2%) of the gross
7 annual retirement benefit of the volunteer
8 firefighter or One Hundred Dollars (\$100.00) for
9 persons who retired from the Oklahoma
10 Firefighters Pension and Retirement System as
11 volunteer firefighters and who did not retire
12 from the Oklahoma Firefighters Pension and
13 Retirement System as a paid firefighter.

14 As used in this subparagraph, "funded ratio" means the
15 figure derived by dividing the actuarial value of
16 assets of the applicable retirement system by the
17 actuarial accrued liability of the applicable
18 retirement system,

- 19 g. which modifies the disability pension standard for
20 police officers who are members of the Oklahoma Police
21 Pension and Retirement System as provided by Section 3
22 of this act, ~~or~~

- 1 h. which provides a cost-of-living benefit increase
2 pursuant to the provisions of Sections 2 through 7 of
3 this act, or
4 i. which modifies the provisions related to post-
5 retirement employment for the Oklahoma Public
6 Employees Retirement System as provided by Section 2
7 of this act.

8 A nonfiscal retirement bill shall include any retirement bill that
9 has as its sole purpose the appropriation or distribution or
10 redistribution of monies in some manner to a retirement system for
11 purposes of reducing the unfunded liability of such system or the
12 earmarking of a portion of the revenue from a tax to a retirement
13 system or increasing the percentage of the revenue earmarked from a
14 tax to a retirement system;

15 6. "Reduction-in-cost amendment" means an amendment to a
16 retirement bill having a fiscal impact which reduces the cost of the
17 bill as such cost is determined by the actuarial investigation for
18 the bill prepared pursuant to Section 3109 of this title;

19 7. "Retirement bill" means any bill or joint resolution
20 introduced or any bill or joint resolution amended by a member of
21 the Oklahoma Legislature which creates or amends any law directly
22 affecting a retirement system. A retirement bill shall not mean a
23 bill or resolution that impacts the revenue of any state tax in
24

1 which a portion of the revenue generated from such tax is earmarked
2 for the benefit of a retirement system;

3 8. "Retirement bill having a fiscal impact" means any
4 retirement bill creating or establishing a retirement system and any
5 other retirement bill other than a nonfiscal retirement bill; and

6 9. "Retirement system" means the Teachers' Retirement System of
7 Oklahoma, the Oklahoma Public Employees Retirement System, the
8 Uniform Retirement System for Justices and Judges, the Oklahoma
9 Firefighters Pension and Retirement System, the Oklahoma Police
10 Pension and Retirement System, the Oklahoma Law Enforcement
11 Retirement System, or a retirement system established after January
12 1, 2006.

13 SECTION 2. AMENDATORY 74 O.S. 2021, Section 914, is
14 amended to read as follows:

15 Section 914. A. The normal retirement date for a member of the
16 Oklahoma Public Employees Retirement System shall be as defined in
17 Section 902 of this title, provided members employed on or after
18 January 1, 1983, shall have six (6) or more years of full-time-
19 equivalent employment with a participating employer before receiving
20 any retirement benefits or if the member is a legislative session
21 employee of the Legislature, shall have three (3) or more years of
22 full-time-equivalent employment with a participating employer before
23 receiving any retirement benefits. In no event shall a normal
24 retirement date for a member be before six (6) months after the

1 entry date of the participating employer by whom he or she is
2 employed.

3 B. A member may be employed beyond the normal retirement date
4 by the appointing authority of the participating employer. However,
5 the member may not receive retirement pay so long as the member
6 continues employment under this act. Any member who has terminated
7 employment with a participating employer prior to the month
8 immediately preceding said member's normal retirement date must
9 elect a vested benefit pursuant to Section 917 of this title before
10 receiving any retirement benefits.

11 C. Notice for retirement shall be filed through the retirement
12 coordinator for the participating employer in such form and manner
13 as the Board shall prescribe; provided, that such notice for
14 retirement shall be filed with the office of the retirement system
15 at least sixty (60) days prior to the date selected for the member's
16 retirement; provided further, that the Executive Director may waive
17 the sixty-day notice for good cause shown as defined by the Board.

18 1. The participating employer shall provide the System with the
19 following information for a retiring member, no later than the
20 fifteenth day of the month of retirement: last day physically on
21 the job; last day on payroll; and final unused sick leave balance.

22 2. Failure to submit this information by the deadline, or
23 errors in submitted information that result in a disqualification of
24 retirement eligibility shall be the responsibility of the

1 participating employer. In cases where the error results in
2 disqualification of retirement eligibility, it is the participating
3 employer's responsibility to reemploy the member, or retain the
4 member on the payroll, for time period required to reach
5 eligibility, not exceeding two (2) months.

6 D. No retirement benefits shall be payable to any member until
7 the first day of the month following the termination of the member's
8 employment with any participating employer. The type of retirement
9 benefit selected by a member may not be changed on or after the
10 effective date of the member's retirement. Receipt of workers'
11 compensation benefits shall in no respect disqualify the retiree for
12 benefits.

13 E. If a retiree should be elected or appointed to any position
14 or office for which compensation for service is paid from levies or
15 taxes imposed by the state or any political subdivision thereof, the
16 retiree shall not receive any retirement benefit for any month for
17 which the retiree serves in such position or office after the
18 retiree has received compensation in a sum equal to the amount
19 allowable as wages or earnings by the Social Security Administration
20 in any calendar year. This subsection shall not apply to service
21 rendered by a retiree as a juror, as a witness in any legal
22 proceeding or action, as an election board judge or clerk, or in any
23 other office or position of a similar nature, or to an employer that
24 is not a participating employer. Provided, further, that any

1 participating employer who is employing such a retiree shall make
2 proper written notification to the System informing it of the
3 beginning date of such retiree's employment and the date such
4 retiree reaches the maximum compensation allowed by this section in
5 the calendar year. Any retiree returning to work for a
6 participating employer shall make contributions to the System and
7 the employer shall do likewise. All retirees who have returned to
8 employment and participation in the System following retirement
9 shall have post-retirement benefits calculated on one of the
10 following methods:

11 1. All service accumulated from date of reemployment shall be
12 computed based on the benefit formula applicable at that time and
13 the additional benefits shall be added to the previous benefits.
14 Such additional benefits shall be calculated each year based upon
15 additional service accrued from July 1 to June 30 of the previous
16 year and the additional benefit, if any, will be added to the
17 retiree's monthly benefit beginning January 1, 2000, and each
18 January 1 thereafter. However, the post-retirement service credit
19 shall be cumulative, beginning with service credit accrued after the
20 date of retirement, provided that the retiree has not received a
21 distribution of the post-retirement contributions.

22 2. Any retiree who returns to employment with a participating
23 employer may elect not to receive any retirement benefits while so
24 reemployed. If such an election is made and reemployment is for a

1 minimum period of thirty-six (36) consecutive months, all service
2 accumulated from date of reemployment shall be participating
3 service. For purposes of determining the retirement benefits of
4 such a member upon the termination of such reemployment all
5 creditable service of the member shall be computed based on the
6 benefit formula applicable at the time of termination of such
7 reemployment. Provided, a retiree who became reemployed prior to
8 July 1, 1982, and who is reemployed for a minimum of thirty-six (36)
9 consecutive months shall have all the creditable service of such
10 retiree computed based on the benefit formula applicable at the time
11 of termination of such reemployment if the retiree elects not to
12 receive retirement benefits prior to such termination of
13 reemployment. A retiree who has waived receipt of the monthly
14 benefit, but is not reemployed for the full thirty-six (36)
15 consecutive months, shall upon termination of such reemployment have
16 only the additional amount added to his or her benefit as if they
17 had not waived the benefit as provided in paragraph 1 of this
18 subsection.

19 3. All post-retirement additional benefits shall be calculated
20 using actual hours worked as well as the actual compensation
21 received and upon which contributions are paid. Post-retirement
22 service is not subject to the partial year round-up provisions of
23 subsection C of Section 913 of this title.

4. A retired member who returns to work for a participating employer pursuant to this section shall be bound by the election made pursuant to paragraph (2) of subsection A of Section 915 of this title if the member had made such election prior to retirement. If the member had not made such election prior to retirement, the member may do so during the member's reemployment with a participating employer pursuant to this section. A retired member may not be rehired by their former employer, nor may the retired member be permitted to enter into an employment contract of any kind with a former employer, for a period of ~~one (1) year~~ six (6) months after the retired member ended his or her employment with the former employer unless the retired member waives his or her benefit under paragraph 2 of this subsection and returns as a bona fide employee.

F. Except as otherwise provided by subsection G of this section, any member may elect to retire before his or her normal retirement date on the first day of any month coinciding with or following the attainment of age fifty-five (55), provided such member has completed ten (10) years of participating service, but in no event before six (6) months after the entry date. Any member who shall retire before the normal retirement date shall receive an annual retirement benefit adjusted in accordance with the following percentage schedule:

Age	Percentage of Normal Retirement Benefit
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1	62	100.00%
2	61	93.33%
3	60	86.67%
4	59	80.00%
5	58	73.33%
6	57	66.67%
7	56	63.33%
8	55	60.00%

9 G. Any member whose first participating service occurs on or
 10 after November 1, 2011, may elect to retire before his or her normal
 11 retirement date on the first day of any month coinciding with or
 12 following the attainment of age sixty (60), provided such member has
 13 completed ten (10) years of participating service, but in no event
 14 before six (6) months after the entry date. Any member who shall
 15 retire before the normal retirement date shall receive an annual
 16 retirement benefit adjusted in accordance with the following
 17 percentage schedule:

18		Percentage of Normal
19	Age	Retirement Benefit
20	65	100.00%
21	64	93.33%
22	63	86.67%
23	62	80.00%
24	61	73.33%

60

66.67%

SECTION 3. If the Emergency Clause is not approved pursuant to the requirements of the Oklahoma Constitution as part of this measure, the effective date of Section 1 of this act shall be October 1, 2022.

SECTION 4. If the Emergency Clause is not approved pursuant to the requirements of the Oklahoma Constitution as part of this measure, the effective date of Section 2 of this act shall be November 1, 2022.

SECTION 5. Except as otherwise provided by Section 3 of this act, Section 1 of this act shall become effective immediately upon signature by the Governor or as otherwise provided by Section 58 of Article V of the Oklahoma Constitution.

SECTION 6. Except as otherwise provided by Section 4 of this act, Section 2 of this act shall become effective July 1, 2022.

SECTION 7. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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